

## CIVIL LEGAL SERVICES

### Low-Income Clients Have Nowhere to Turn Amid the Economic Crisis

**The Legal Services Corporation is in desperate need of increased funding.** Funding was raised from \$390 million to \$420 million last fiscal year – a sorely needed, and hugely appreciated, increase – but legal services’ capacity is far from meeting the growing legal need among the nation’s low-income communities. For FY11, LSC has requested a total of **\$516.5 million**, still over \$200 million short of what LSC received in 1981 (in real dollars), when LSC funding was at its peak. President Obama has recommended **\$435 million** for LSC in FY11.

- **Other funding for civil legal services is dropping precipitously.** Lost revenue from Interest on Lawyers Trust Account (IOLTA) funds – the second largest source of funding for civil legal services programs – has left programs with huge budget holes. Nationally, from the all-time high of \$371 million in IOLTA income in 2007, IOLTA income fell to \$284 million in 2008 (a loss of about 25%). In 2009, IOLTA income fell another 32%, to around \$92 million, meaning smaller grants to legal aid programs for years to come.
- **Programs have had to cut back services due to budget cuts.** Given the dramatic loss of funding so many local programs have seen, legal aid offices in Arizona, Delaware, D.C., Florida, Massachusetts, New Jersey, North Carolina, and Pennsylvania have been forced to layoff staff or leave attorney positions unfilled. Others programs have been forced to close offices, scale-back services, and implement furloughs. All of these actions mean that fewer clients are able to be served.
- **Low-income people are facing more civil legal needs than ever before.** Across the country, intake lines are flooded and legal aid offices are seeing a huge increase in the number of eligible clients seeking assistance. Before the recession even began, LSC reported that half of all eligible clients who sought help from LSC-funded programs had to be turned away due to insufficient resources.

The economic downturn has vastly increased the number and intensity of low-income families’ legal needs:

- More need help to stave off foreclosure and eviction and fight unscrupulous lenders
  - More need help claiming unemployment insurance benefits, Food Stamps, and other income supplements that can help them stay afloat
  - More need help getting covered by Medicaid as they get laid off and lose employer-based health care
  - More need help protecting themselves and their children from abusive spouses as the incidence of domestic violence in harsh financial times rises
  - More need help fighting for unpaid wages when the working poor are shortchanged
- **Rising number of Americans qualify for federally funded legal aid.** As breadwinners lose their jobs, families are being thrown into poverty at an alarming rate. In 2008, 53.8 million Americans qualified for LSC-funded legal assistance, up from 49.7 million just two years before. The number of people falling below 125% of the federal poverty line can only be expected to increase further, as unemployment has risen since 2008.
  - **Outdated restrictions impede programs’ ability to respond.** The LSC rider restrictions first imposed in 1996 prevent lawyers at LSC-funded programs from assisting clients in the most efficient and effective ways. The restriction on class actions prevents clients and programs from benefiting from being able to consolidate similar cases and help multiple clients at once. The restriction on non-LSC funds causes programs to waste money on duplicate spending to “unrestrict” their non-LSC funds, money that could go toward helping more clients. President Obama has called for the repeal of both of these restrictions in his FY11 budget.

**Congress should fully fund LSC during this time of extreme need and repeal the onerous funding restrictions that prevent legal aid lawyers from best representing their low-income communities.**